

Message Text

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UNCLAS JOHANNESBURG 1952

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SUBJECT: BLACK UNEMPLOYMENT AND INFLATIONARY TRENDS

REF: JOHANNESBURG 1931

1. SUMMARY: ESTIMATES OF BLACK UNEMPLOYMENT VARY BETWEEN TWO MILLION AND 200,000 BUT THE MOST ACCEPTABLE FIGURE APPEARS TO BE BETWEEN A HALF MILLION AND 600,000 OR 12 PERCENT OF THE BLACK WORK FORCE. THERE IS GENERAL AGREEMENT AMONG BUSINESS, LABOR AND GOVERNMENT LEADERS THAT URBANIZED BLACK UNEMPLOYMENT IS A SERIOUS PROBLEM ESPECIALLY WHEN COUPLED WITH CONTINUED PRICE INCREASES OF BASIC COMMODITIES. BUSINESS, LABOR AND GOVERNMENT DO NOT AGREE ON HOW BEST TO CONTROL INFLATIONARY TRENDS. END SUMMARY.

2. IN A SURVEY COMMISSIONED BY THE FEDERATED CHAMBER OF INDUSTRIES PROFESSOR P.J. VAN MERWE OF PRETORIA UNIVERSITY ESTIMATES BLACK UNEMPLOYMENT IN SOUTH AFRICA'S URBAN AND WHITE RURAL AREAS WAS ABOUT 600,000 OR 12 PERCENT OF UNCLASSIFIED

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THE BLACK LABOR FORCE AT THE END OF JUNE. HE ESTIMATED A

FURTHER 400,000 BLACKS WERE UNDEREMPLOYED IN THE HOMELANDS. NOTING THAT BLACK UNEMPLOYMENT IN ALL URBAN AREAS AND WHITE RURAL AREAS IS INCREASING BY MORE THAN 9,000 PER MONTH, VAN MERWE WARNED THAT UNEMPLOYMENT IS A SERIOUS MATTER WHICH SHOULD BE VIEWED AGAINST THE BACKGROUND OF EXISTING UNREST AMONG URBAN BLACK YOUTH.

3. ACCORDING TO VAN MERWE, THE UNEMPLOYMENT PICTURE WOULD BE WORSE IF INDUSTRY HAD NOT BEGUN TO REDUCE WORKING HOURS. SIGMA MOTOR CORPORATION EAR PRETORIA, FOR EXAMPLE, WILL CLOSE ITS PLANT ALL NEXT WEEK AND GO ON AN EXTENDED YEAR END HOLIDAY FROM DECEMBER 6 TO JANUARY 14 TO REDUCE PRODUCTION BACKLOGS.

4. WHILE RESERVING JUDGMENT ON JUST HOW MANY BLACK UNEMPLOYED THERE ARE IN SOUTH AFRICA, MINISTER OF FINANCE O.P.F. HORWOOD (NP) IN A SPEECH READ FOR HIM AT THE FINANCIAL MAIL INVESTMENT CONFERENCE ON NOVEMBER 11, ADMITTED THAT BLACK UNEMPLOYMENT WILL REQUIRE CONTINUAL AND CLOSE ATTENTION BY THE SAG.

5. GOVERNMENT EFFORTS TO PROMOTE ECONOMIC RECOVERY ARE BASED ON STRICT FISCAL AND MONETARY POLICIES WHICH HAVE BEGUN TO CORRECT THE COUNTRY'S BALANCE OF PAYMENTS AND SLOW DOWN

THE RATE OF INFLATION. DESPITE THE THREATENED COLLAPSE OF THE VOLUNTARY WAGE AND PRICE RESTRAINT AGREEMENT BETWEEN BUSINESS AND ORGANIZED LABOR (ANTI-INFLATION MANIFESTO, HORWOOD RULED OUT GOVERNMENT CONTROLS.

6. ACCORDING TO PRESS REPORTS, TRADE UNION SIGNATORIES TO THE MANIFESTO HAVE THREATENED TO TERMINATE THEIR VOLUNTARY WAGE RESTRAINTS IN VIEW OF RECENT PRICE INCREASES FOR BASIC COMMODITIES. THE LATEST COMMODITY TO BE INCREASED IS SUGAR, WHICH IS UP BY 38 PERCENT. A.T. NIEUWOUDT, PRESIDENT OF THE ALL-WHITE SOUTH AFRICAN CONFEDERATION OF LABOR (SACL) WAS AN OUTSPOKEN CRITIC OF RESCINDED INCREASES IN BUTTER AND CHEESE PRICES. A. J. GROBBELAAR, SECRETARY GENERAL OF THE MULTI-RACIAL TRADE UNION CONFERENCE OF SOUTH AFRICA (TUCSA) HAS ACCUSED BUSINESS OF NOT KEEPING ITS SIDE OF THE BARGAIN UNCLASSIFIED

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TO RESTRAIN PRICES. SIMILARLY, WALLIE GROBLER, SECRETARY GENERAL OF THE ALL WHITE RAILWAYS' ARTISAN STAFF ASSOCIATION, DECLARED TO THE PRESS THAT VOLUNTARY CONTROLS ON PRICES HAVE NOT WORKED. THE CURRENT MANIFESTO EXPIRES ON NOVEMBER 30.

7. DESPITE GOVERNMENT OPPOSITION, THE CHIEF ECONOMIST OF SOUTH AFRICA'S LARGEST BANK, BARCLAYS NATIONAL, HAS CALLED FOR A WAGE AND PRICE FREEZE AS THE BEST MEANS FOR CONTROLLING

INFLATION.

8. COMMENT AS INDICATED IN THE REFERENCED MESSAGE, ESTIMATES OF BLACK UNEMPLOYMENT VARY BETWEEN TWO MILLION AND 200,000. VAN MERWE'S FIGURE OF 600,000, HOWEVER; IS SIMILAR TO THAT OF J.A. GROBBELAAR'S ESTIMATE OF 500,000 TO 550,000. DESPITE DIFFERENCES ON THE ACTUAL FIGURE, WHICH IS IMPOSSIBLE TO DETERMINE WITHOUT AN EMPLOYMENT SURVEY AND IN VIEW OF THE EXISTANCE OF LARGE NUMBERS OF MIGRANT WORKERS, THERE IS GENERAL AGREEMENT AMONG ORGANIZED LABOR, BUSINESS AND GOVERNMENT LEADERS THAT BLACK UNEMPLOYMENT IS A SERIOUS ECONOMIC AND SOCIAL PROBLEM, ESPECIALLY WHEN COUPLED WITH CONTINUED INFLATIONARY TRENDS.

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